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Written Comments on the DEIS/EIR submitted to staff at the registration table at the hearing held at Redwood Acres November 10, 1998 regarding permit number PRT-829509 and number 1157. Submitted by Dan Ihara.

Attached to this page of comments are ^{three}~~two~~ additional pages of comments all of which are submitted to the U.S. Government and the State of California in care of their representatives. These comments regard the above referenced permit as stated on page 1-21 of the Draft Environmental Impact Statement/Environmental Impact Report for the Headwaters Acquisition and the Palco Sustained Yield Plan and Habitat Conservation Plan.

As a professional economist with a Ph.D. in economics and as an individual citizen I find the economic impact section of the DEIS/EIR fundamentally flawed (see attached). The DEIS/EIR uses the average of the ten years (1986-1997) as the base year for the economic impact analysis. These ten years were years of unsustainable levels of harvesting. This can be seen by looking at Alternative 1, the "No Project" alternative which involves harvest levels under existing laws (see attached).

A sensitivity analysis under different assumptions for determination of a base year would be an improvement, but it would be insufficient to address the need to examine the economic impact of the "Proposed Project" alternative using the most realistic assumptions. The most realistic assumptions for determining a base year include those of the "No Project" Alternative. Unless assumptions involving sustainable harvest and employment levels under existing laws are used as the basis for determining the base year, the DEIS/EIR economic analysis would remain fundamentally flawed and consequently should not be approved.

This submission is not necessarily my only written comment on DEIS/EIR permit.

Respectfully and sincerely submitted,



Daniel M. Ihara, Ph.D.

**Evaluation of Economic Impact Analysis in the Environmental Impact Statement
of
Pacific Lumber's Habitat Conservation Plan (HCP)**

Summary:

The economic impact analysis contained in the HCP's EIS is fundamentally flawed. The EIS uses the average harvest level of the last 10 years as a basis for comparison. The years 1986 - 1997 saw unsustainable harvests and using the average of these years as the base year is completely unrealistic. The EIS should have used the "No Project" alternative which gives harvest levels based on current laws.

The HCP provides for 418 jobs over and above what could be sustained under existing law. With a "No Project" scenario, the total payroll for these jobs for five years could be mitigated for \$60 million. Since under a "No Project" scenario the state and federal governments would not be paying \$480 million to Maxxam, the state and federal governments could completely mitigate any payroll loss and still save \$420 million.

Also the HCP and the EIS evaluated a "63,000 Acre No-Cut Preserve" alternative which is a distortion of the "63,000 Acre Restoration Management Area" proposed in the Trees Foundations' Sewardship plan. Consequently the HCP and EIS did not evaluate what could be the most ecologically and economically viable alternative.

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Facts and Points:

1. Over the last 10 years (1988 - 1997) Pacific Lumber's harvests have averaged 250 million board feet a year and its employment level is 1,680 employees.
2. Prior to 1985, Pacific Lumber harvests were 120 million board feet a year and its employment was 900.
3. The HCP uses the average of the last 10 years as the base year for evaluating economic impact of the HCP.
4. The HCP proposes to harvest an average of 234 million board feet a year during the first decade of the plan. This implies an employment level of 1,565 with, according to the EIS, a "job loss" of 115, compared to the average employment level over the last 10 years.

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5. Using the last ten years for comparison, the EIS says that the "No Project" alternative has a "job loss" of 533 jobs; the Selective Cut alternative has a "job loss" of 1,098 jobs; and the "63,000 Acre No-cut Preserve" alternative has a "job loss of 574."

6. All the EIS's so called "job loss" figures in the report are meaningless, since they compare employment to harvest levels that can not be continued into the time frame being analyzed.

7. The "No Project" alternative described in the HCP and EIS has harvest levels based on existing laws. Under existing laws an average of 171 million board feet can be harvested each year over the next 10 years. This implies an employment level of 1,147 jobs.

8. Using the "No Project" Alternative as a basis for comparison, the HCP can be considered as having 418 more jobs than current law would allow. The question is, do the benefits of these additional jobs outweigh the environmental and other costs such as possible extinction of species?

9. These 418 jobs involve an annual payroll of approximately \$12 million. The payroll loss over the next 5 years could be mitigated by \$60 million. In the "No Project" scenario the State and Federal government would not be paying \$480 million dollars to Maxxam. Consequently under the no project alternative, the state and federal governments could completely mitigate the payroll loss while saving \$420 million.

10. The "63,000 No-cut Preserve" alternative has only 41 fewer jobs than the "No Project" alternative.

11. The "63,000 No-cut Preserve" alternative is a distortion of the Trees Foundations Stewardship Plan. The Stewardship Plan calls for ecologically sound management and restoration of a 63,000 acre area through buffer areas, corridors and restoration zones. Even so, in the 63,000 acre area, the Stewardship Plan still allows for annual harvesting of 10 million board feet. 10 million board feet translates into 60 timber jobs. Consequently the Stewardship Plan would generate 19 jobs more than the "No Project" alternative.

12. Not specifically including the Stewardship Plan as an option ignores an ecologically and economically viable alternative. In fact, the HCP and EIS ignore perhaps, the most ecologically and economically beneficial of possible projects.

Prior to 1985 Maxxam Take over:

- Harvest: approximately 120 million board feet per year
- Employment: approximately 900 jobs

Average last 10 Years (1988 - 1997) as Base Year:

- Harvest: 250 million board feet per year
- Employment: 1680 jobs

	Alt. 1 No Project	Alt. 2 Proposed Project	Alt. 2a No Elk River	Alt 3 All Select Cut	Alt 4 63,000 No Cut
Harvest	171	234	221	87	165
Jobs	1147	1565	1384	582	1106
Change	-533	-115	-196	-1098	-574

NO Project i.e. existing laws enforced as base

- Harvest: 171 million board feet per year
- Employment: 1147 jobs

	Alt. 1 No Project	Alt. 2 Proposed Project	Alt. 2a No Elk River	Alt 3 All Select Cut	Alt 4 63,000 No Cut
Harvest	171	234	221	87	165
Jobs	1147	1565	1384	582	1106
Change	0	+418	+237	-565	-41